

Members

Sen. Robert Jackman, Chairperson
Sen. Brandt Hershman
Sen. Johnny Nugent
Sen. Allie Craycraft
Sen. James Lewis
Sen. Larry Lutz
Rep. Robert Bischoff, Vice-Chairperson
Rep. Markt Lytle
Rep. Ronald Liggett
Rep. Robert Cherry
Rep. Don Lehe
Rep. Marlin Stutzman



INTERIM STUDY COMMITTEE ON AGRICULTURE AND SMALL BUSINESS ISSUES

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MEETING MINUTES¹

Meeting Date: August 23, 2004
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington
St., the Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Robert Jackman, Chairperson; Sen. Brandt Hershman;
Sen. Johnny Nugent; Sen. Allie Craycraft; Sen. James Lewis;
Sen. Larry Lutz; Rep. Robert Bischoff, Vice-Chairperson; Rep.
Markt Lytle; Rep. Ronald Liggett; Rep. Robert Cherry; Rep. Don
Lehe; Rep. Marlin Stutzman.

Members Absent: None.

Senator Jackman called the meeting to order at 10:05 a.m. All members were present.

1. Presentations on the economic impact of the horse industry

Jerry Walker, chair of the Indiana Horse Racing and Breeding Coalition, gave a brief introduction to the economic impact of the equine industry in Indiana. Exhibit 1.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Mark Russell, Purdue University Professor of Animal Science, discussed the recreational and social aspects of the horse industry in Indiana. Exhibit 2. In response to a question from the Committee, Dr. Russell explained that increasing funding for horses commonly used in recreational pursuits would increase the popularity of these activities.

Kevin McNamara, Purdue University Professor of Agricultural Economics, gave a powerpoint presentation analyzing the economic impact of the equine industry. Exhibit 3. In response to questions from the Committee, Dr. McNamara explained that the average wage paid to workers in the equine industry was \$22,000 per year. Dr. McNamara also explained that horse racing was unable to expand any further, which was negatively affecting the economics of the horse industry.

Dr. Walker presented a detailed comparative description of the horse industry's economic benefits to Indiana. Exhibit 4. In response to questions from the Committee, Dr. Walker explained that permitting alternative gaming at horse tracks could permit racing to expand at no cost to the state. He estimated that racing could be a \$1 billion industry.

Joe Gorajec, executive director of the Indiana Horse Racing Commission, explained how the success of racing was, in large part, determined by the size of the purses. Exhibit 5.

Roy Wilson, of the Hancock County Economic Development Council, testified that the horse industry was responsible for 14,000 jobs and a \$430,000 payroll in Hancock County. Mr. Wilson also noted that the horse industry was responsible for \$2.5 million in capital improvement in Hancock County in the last three years.

2. Comments from specific segments of the horse industry

Don Eash, a standardbred owner, testified that he had recently invested approximately \$1 million in purchasing and upgrading facilities in Greenfield, and that he was afraid he would be forced to move out of state if the industry did not improve.

Dr. Larry Smith, a veterinarian and owner/breeder from Berne, Ind., estimated that approximately one-third of the yearlings sold in his area went to Ohio, and that Indiana would lose this business if Ohio enacted alternative gaming at horse tracks.

Martin Bruner, a thoroughbred owner/breeder from Batesville, Ind., testified that his race horses made a profit of \$41,000 in 2001, but that if the same horses won the same races today, he would have lost \$22,000 due to the decline in the size of the purses. Exhibit 6.

Larry Smallwood, the manager of Swifty Farms in Seymour, Ind., testified that his business was down 30% in 2004.

Michelle Collins, an owner/breeder based in Indianapolis, testified that she would be forced to move to another state if the horse industry continued its decline.

Claudean Webb, a race track chaplain, explained how a more successful race industry would permit him to increase his outreach programs.

Dr. David Younts, president of the Indiana Equine Practitioners Association, testified that approximately 5% of equine veterinarians receive more than 50% of their income from the race industry, and that these receipts depended, in part, on the size of purses. He believed that horses would receive worse care if the purses were smaller.

Jim O'Neal, president of the Indiana Forage Council, noted that while horses constituted 15% of the large animal population in Indiana, they consume 21% of the forage.

Craig Wallace, owner of Wallace Grains in Sheridan, Ind., testified that his business depended on the horse industry.

Wade Beatty, regional manager of the Ag-One Coop in Indianapolis, explained how his farmer-owned coop depended on the horse industry and was important to the community.

Charlie Fox, a hay producer in Reddington, Ind., testified that he had experienced a 32% drop in demand for hay in 2003, and a 27% drop in 2004.

Kay Lancaster, owner of Northside Trailer in Carmel, Ind., testified that her company had in excess of \$1 million in horse trailer sales, and that she expected horse trailer sales to be even greater this year. She noted that the vast majority of her customers were individuals who owned horses for recreational purposes.

Jeff Neihouser, the general manager of FBI Buildings in Remington, Ind., testified that his company was very dependent on the horse industry.

Dennis Bialaszewski, an owner/breeder based in Indiana, testified that while he previously bred all of his horses in Indiana, the decline of the Indiana horse industry has forced him to breed 75% of his mares out of state.

In response to a question from the Committee, Dr. Walker testified that 42% of standardbred horses bred in Indiana were sold out of state.

3. Presentations on the economic impact of other agriculture

Purdue University Professor Allan Gray gave presentations on the Agricultural Innovation and Commercialization Center (Exhibit 7) and on the economic impact of possible Indiana legislation concerning biodiesel fuel. Exhibit 8.

Kevin McNamara gave a powerpoint presentation on the impact of agriculture on Indiana's economy. Exhibit 9.

Jerry Nelson gave a presentation on Purdue's New Ventures program to assist agricultural entrepreneurs. Exhibit 10. Mr. Nelson also provide the Committee with materials describing Missouri's cooperative incentive tax credit program. Exhibit 11.

4. Future meetings

Senator Jackman noted that the Committee had received permission to hold four meetings. The next meeting was scheduled for September 17, 2004, at 10:30 a.m. The meeting adjourned at 2:00 p.m.